

# The People's Premiums\*

Time

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For three months political India has been agog over a scandal centering around one of Prime Minister Nehru's principal aides, Finance Minister T. T. Krishnamachari, and one of Nehru's pet Socialist projects, the newly nationalized Life Insurance Corp. The scandal broke last November when Nehru's son-in-law, Feroze Gandhi,<sup>1</sup> rose in Parliament and asked the minister a pointed question: Had the new corporation used the premium payments of India's 5,500,000 life-insurance policyholders to buy up shares at above-market prices in companies controlled by a notorious stock speculator named Haridas Mundhra?

"That is not the fact," snapped Krishnamachari. Under heckling by Gandhi and others, the minister admitted later that the corporation had indeed bought a whopping \$3,200,000 worth of Mundhra stocks at the ministry's direction. "Shame," cried legislators. "Collusion," charged Gandhi, between government and Mundhra. If the corporation itself had investigated Mundhra, Gandhi cried, it would not have touched the promoter's companies "with a tadpole's tail."

## Watering the Stock

With public and Parliament clamoring for the truth, Nehru reluctantly appointed a Bombay judge to make a special inquiry. Testimony brought out that Krishnamachari's principal aide, finance secretary H. M. Patel, had ordered the corporation's officers to carry out the deal and that its direct result was to save the financial position of Promoter Mundhra — a boy-wonder financier who began as a light-bulb salesman — pyramided his holdings by fast deals and stock juggling into a \$10 million empire.

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\*Source: The People's Premiums

<sup>1</sup>No kin to the Mahatma.

Krishnamachari himself recalled “some discussions” about stock purchases but “no order, no instructions.” Unsympathetically, the judge found that Krishnamachari “must fully and squarely accept responsibility for what his ministry did,” and Nehru immediately accepted Krishnamachari’s resignation. The case confirmed what many Indian voters have long suspected — that the Congress Party has become negligent and arrogant in its long tenure of power. The charge of collusion had not been proved, but clear to all to see was the highhanded way in which a supposedly independent nationalized corporation had jumped to do a minister’s bidding.

## **Daily Worship**

Last week Nehru was doing what he could to repair his government’s damaged prestige. He admitted “improprieties” existed (but insisted that Krishnamachari had not the smallest part in it that he could see), and ordered formal proceedings against Patel and the two insurance corporation officials who swung the deal. Federal police roused Promoter Mundhra at dawn from the \$30-a-day prince’s suite of New Delhi’s Claridge’s Hotel and hauled him off to jail on charges of criminal conspiracy, cheating and forging false stock certificates.

Mundhra, an orthodox Hindu who spends three hours each morning in worship and feeds ants by scattering food on the floor for them, did not help any by admitting that he contributed \$21,000 to the Congress Party in the election. The Communists crowed, and Congress Party editorialists wanly consoled themselves by hailing the regime’s willingness to bring the scandal into the open. Said the independent Hindustan Standard: “Nothing short of Indian democracy itself was on trial, and both government and people have emerged with not a little credit to themselves.”